

SUPPORT

January 27, 2010

STATE RETIREMENT SYSTEMS STAFF REPORT ON LEGISLATION AFFECTING THE STATE EMPLOYEES' RETIREMENT SYSTEM

96th General Assembly

HOUSE BILL 4644 – Representative Raymond Poe

PROPOSAL

House Bill 4644 amends the State Employees' Article of the Pension Code to allow members to establish service credit for up to 12 furlough days, used to address a State fiscal emergency. The member is required to make the applicable employee and employer (normal cost) contributions, plus interest of 8.5% compounded annually from the date of the service to the date of payment.

COMMENT

House Bill 4644 allows SERS members to establish service credit for up to 12 voluntary or involuntary furlough days that result from a State fiscal emergency. The furlough days must occur between July 1, 2009 and June 30, 2010, and the member must apply in writing to the System prior to December 31, 2010. The member is required to make the applicable employee and employer (normal cost) contributions, plus interest of 8.5% compounded annually from the date of the service to the date of payment.

RECOMMENDATION

It is the recommendation of staff that the system support House Bill 4644. **House Bill 4643 and House Bill 4892 provides for the establishment of service and earnings credit for furlough days without cost to the member. House Bill 4643 (or House Bill 4892) is the preferred legislation to address the issue of lost earnings and service credit that result from furlough days.**